



South Dakota Department of Health

WIC Program

December 2007 Retailer Note –Annual Training

RETAILERS ROLE IN WIC

WIC retailers are critical partners in the delivery of WIC benefits. Each month, WIC participants receive WIC food “checks”, which contain a "food prescription" designed to meet their specific nutritional needs. The retail clerk helps fill the prescription by making sure the participant receives exactly what foods are specified.

The nutritious WIC foods are designed to promote the healthiest possible birth outcomes, growth and development of children, the retailer's role in the program is a vital one. In providing this service, WIC retailers play an important role in helping to improve the health of women, infants, and children in South Dakota. Retailers act as the final service step in the WIC process. The integrity of the transaction between a WIC retailer and a WIC participant is essential. It is only when WIC food instruments are exchanged for the specified foods that desired dietary supplementation can be achieved.

WIC FOODS

There are 12 types of food that WIC participants may purchase depending on their nutritional needs. All WIC foods must meet federal regulations specified for that food. For this reason, the WIC Program may specify a brand, a package size or impose restrictions on purchasing certain types of a food. WIC foods include: milk, cereal, juice, cheese, eggs, dried beans and peas, peanut butter, carrots, tuna, infant cereal, infant juice, and infant formula. Please see attached Food Shopping Guide for authorized WIC foods.

MINIMUM STOCKING REQUIREMENTS

Minimum stocking requirements by WIC retailers are as follows:

- A minimum of 9 cans of the standard contract powdered infant formulas in the 12.9 ounce size, either soy or milk based, or 24 cans of the standard contract liquid formulas in the 13 ounce size, either soy or milk based.

CONTRACT FORMULA - MEAD JOHNSON		
FORM	SOY BASED	MILK BASED
	ProSobee LIPIL	Enfamil LIPIL
Powdered	12.9 oz.	12.9 oz.
Liquid Concentrate	13 oz.	13 oz.
Ready-to-Feed	32 oz.	32 oz.

- Twelve 4-ounce bottles of approved infant juice.
- Sixteen ounces of approved infant cereal.
- Eight gallons of fluid milk in a combination of 1%, 2%, skim or whole milk.
- Evaporated, dry, lactose-free, acidophilus and goat's milk as requested by WIC customer or WIC Program
- Specialty milks must be available within 72 hours.
- Two one-pound packages of two approved varieties of cheese.
- Four dozen medium / large fresh eggs.
- Two 46-ounce cans of 100% vegetable or tomato juice.
- Twelve 12 ounce cans of frozen 100% fruit juice with a minimum of two flavors stocked.
- Retailer agrees to stock 8-16 oz single serving approved juice as requested by the WIC customers or by the WIC Program.
- Two one-pound bags of dried beans or peas, any variety.
- Eight to 16 ounce canned beans/peas as requested by WIC customer or WIC Program.
- Two containers, 18-ounce size or less, 100% peanut butter.
- Four 6 to 6 ½ ounce cans of light tuna in either water or oil pack.
- Two pounds of either fresh or frozen carrots.
- Canned carrots must be stocked if requested by the WIC customer or the WIC Program.

- Two boxes each of four varieties of cold, ready-to-eat cereals.
- Two boxes of hot cereal.
- WIC Approved formula on an as needed basis.
- Infant formula must be purchased only from a wholesaler, distributor, or retailer on PROGRAM'S approved list.
- Exception would be that retailers who do not have any infants on the WIC program that utilize their store will be required to order infant formula, infant juice and infant cereal upon request of the participant or the WIC Program.
- The retailer must be able to supply the infant formula, infant juice and infant cereal within 24-48 hours. If the retailer is unable to supply the formula within the 24-48 hour time frame, the retailer must contact the State WIC Office to determine if an exception can be made to extend the 24-48 hour time frame to within five (5) days.

The specific brands of products that are included on the WIC Approved Food List shall be made available to the retailer at the time of application, upon any changes, and prior to negotiation of another agreement. The variety and quantity in stock are defined as including both inventory on display and in on-premises storage, but not inventory on order from suppliers.

PROCEDURES FOR REDEEMING FOOD INSTRUMENTS

1. Handle each WIC check as a separate transaction
 - **DO NOT** combine food items from one check to another.
2. Check the date of issue.
 - WIC checks are valid only from date of issue through the expiration date.
 - Do not accept checks from WIC customers before the issue date or after the expiration date as indicated on each WIC check.
 - If a WIC customer attempts to redeem an outdated check, put an "X" in the "Actual Amount of Sale" box and instruct the WIC customer to return it to their local WIC office.
3. Request to see the WIC ID Pouch.
 - Compare the signature on the WIC ID Pouch with that on the WIC check.
4. Verify selected items.
 - Compare the items and quantities selected with the information on the face of the check.
 - Only the indicated items and quantities may be purchased with the WIC check.
 - **No changes can be made to the check such as increasing the amount of food or adding a food not originally listed on the check.**
 - If a check has been altered, put an "X" in the "actual amount of sale" box and instruct the WIC customer to return it to their WIC Office.
 - WIC customers may not buy more than the total quantity indicated on the check.
 - They may buy less than the quantity listed on the checks, but they cannot receive anything else in exchange.
5. Request WIC customer to enter the Purchase Price.
 - The WIC customer must write in ink the actual purchase price of the prescribed foods in the box labeled "Actual Amount of Sale".
 - Cashier should verify amount entered for accuracy.
 - If the WIC customer makes an error when entering the actual cost of foods purchased on a WIC check, it may be corrected by the WIC customer or cashier by:
 - Drawing a single line through the incorrect price.
 - Entering the correct price, clearly and legibly, in the space below the actual sale box.
 - Have WIC customer initial next to the corrected amount.
 - If an error is identified after the WIC customer leaves the store, the Retail Coordinator must be contacted to authorize approval for alteration by the retailer.
 - Foods purchased on WIC checks are exempt from sales tax.
 - The Retailer must obtain prior approval and an authorization code from the State WIC Office before changing the amount on a WIC check returned to the Retailer by a bank. Upon obtaining approval and an authorization code from the State WIC Office, Retailer can re-submit the WIC check to the bank of first deposit
 - The retailer **may not** seek restitution from a WIC customer for a check not paid for by the Program.
6. Witness and Verify Signature
 - Do not accept a WIC check if the purchaser does not have a WIC ID Pouch.

- Do not accept a pre-signed check.
 - Compare signature on the check to signature on the WIC ID Pouch.
 - If the cashier fails to obtain the signature, contact the local WIC office or retail coordinator. They will attempt to assist the store in obtaining the WIC customer's signature.
 - Do not deposit the check until signed. The store is liable for any checks incorrectly redeemed at the store.
 - It is the store's responsibility to obtain a signature from the customer at the time of the transaction.
7. Endorse WIC Check
- The retailer must place their retailer identification number on the face of each check in the indicated area, as well as endorse the back of the check before cashing.
 - All WIC checks must be deposited within forty-five (45) days from the date of issue.
8. Enter Transaction date
- The retailers must endorse the back of each food instrument redeemed, either electronically or manually. This endorsement must include the date.
 - The retailers must enter the transaction date on the front of the check on the Date of Use line.
9. Rain Checks
- Rain checks may not be issued in any circumstances.

WIC CHECKS AND BANKING PROCESSING

The WIC Program no longer does a post edit on WIC checks. WIC's bank First Premier is conducting a pre-edit process and returning WIC checks to the Retailer for any of the following reasons:

- No Signature;
- No Vendor Stamp or number; or unauthorized Vendor stamp or number;
- Unreadable Vendor stamp or number;
- Altered redemption amount – no authorization code;
- Checks submitted for payment forty-five (45) days past the issuance date of the check;
- Missing purchase date;
- Food prescription altered;
- Check presented for payment prior to the issue date or after the expiration date;
- Check exceeds maximum amount allowed

If checks are returned to you by the bank you must contact Renee Osterkamp or Dawn Boyle for approval to send through to be processed.

VIOLATIONS AND SANCTIONS

- Abuse of the program by the retailer is just cause for termination. Disqualification will be based on the number of points accumulated or the severity of the sanction. Disqualified retailers may be considered having forfeited their authorization and if they seek reauthorization, retailer will be required to apply for authorization after expiration of the disqualification period.
- A retailer previously assessed a sanction for violations included in 1 to 4 below who receives a second sanction for any of these violations, will receive a doubled sanction. A third violation will result in the doubled sanction and no Civil Money Penalty will be allowed.
- A retailer with multiple violations in a single investigation shall be sanctioned or disqualified based on the most serious violation. The retailer will be notified of all violations detected during the investigation.
- A retailer shall be charged with points or disqualified, depending on the severity of the violation. Repeated Program abuse will result in a more severe sanction. A pattern, as used below, is defined as at least three (3) independent documented repeated violations of similar severity during compliance buys. A pattern does not need to be present when applying a 6 year or permanent disqualification (see 3 and 4 of the disqualifications below).
- **Disqualifications:** The RETAILER will receive written notice by certified mail of disqualification and the length of disqualification from the PROGRAM as follows:
 1. 1 year disqualification - Exhibiting a pattern of providing unauthorized food in exchange for Food Instrument, including charging for food in excess of those listed on the Food Instrument.
 2. 3 year disqualification:
 - Redeeming WIC food instruments for Alcoholic Beverages or Tobacco Products. Only one incidence

is necessary for disqualification.

- Exhibiting a pattern of claiming reimbursement in excess of documented inventory.
 - Exhibiting a pattern of overcharges. Overcharges is defined as charging more for food than the price charged other customers, charging more than the current shelf price, and charging for foods not received as detected during a compliance buy.
 - Exhibiting a pattern of charging for food not received by the participant.
 - Exhibiting a pattern of receiving, transacting, and/or redeeming Food Instruments outside of authorized channels including the use of an unauthorized vendor or person.
 - Exhibiting a pattern of providing credit or non-food items, other than alcohol, tobacco, cash, firearms, drugs in exchange for Food Instrument.
3. 6 year disqualification - Retailer found trafficking food instruments or illegal sales by WIC investigation.
 4. Permanent disqualification - Conviction of trafficking food instruments or selling firearms, ammunition, explosives or controlled substances in exchange for WIC food instruments
- **Sanctions:** The retailer will receive written notice of WIC Program violations and accompanying sanction points and/or disqualification from the Program as follows:
 1. 1-5 points — a warning letter.
6-10 points — a sanction letter and the retailer will be required to respond in writing within 15 days with justification.
 2. 11-20 points —a sanction letter and the retailer will be required to: (a) accept training by the Program Representative as soon as possible and within 3 months; and (b) respond in writing to the sanction letter within 15 days with justification.
 3. 21-25 points —written notification by certified mail of disqualification from the program for 6 months.
 4. 26-or greater —written notification by certified mail of disqualification from the PROGRAM for 1 year.WIC Program Violations and Accompanying Sanction Points are:
 1. Check Redemption
 - Failure to stamp five food instruments with Retailer Identification Number (1 pt)
 - Using a retailer ID stamp not issued or approved by the Program (2 pts)
 - Depositing a food instrument 45 days beyond issue date (2 pts). Retailer will not be reimbursed.
 - Failure to enter the transaction date on the back of the check and front of the check , either electronically or manually on the back, and manually on the front (2 pts)
 2. Reimbursement Accountability:
 - Failure to reimburse the PROGRAM for potential overcharges or provide explanation (3 pts each food instrument)
 - Failure to reimburse the PROGRAM for selling non WIC foods (2 pts)
 - Seeking restitution from a participant for a food instrument not paid for by the Program (5 pts)
 - Failure to clearly identify shelf prices of WIC food items (5 pts)
 3. Stocking:
 - Stocking and/or selling authorized food that is not fresh (4 pts per food category)
 - Purchasing formula for sale from supplier other than those on the list of authorized distributors provided by the PROGRAM. (10 pts)
 - Unavailability of authorized food or insufficient quantities stock (1 detection = 4 pts, 3 detections = 10 pts, 5 or more detections = 15 pts)
 - Failure to supply within five (5) days, infant formula, infant juice, infant cereal, evaporated milk, dry milk, beans or single serving juice as requested by WIC customer or WIC Program (5 pts. per day)
 4. Cashier Check Out Procedures
 - Accepting a food instrument without requiring a WIC ID Pouch (2 pts)
 - Accepting food instruments before the issue date and after the expiration date (2 pts)
 - Accepting a pre-signed food instrument (2 pts)
 - Failure to obtain signature at the store (2 pts)
 - Failure to provide the WIC customer a sales receipt when requested (2 pts)
 - Failure to allow the purchase of the full or partial amount of food specified on the food instrument (2 pts)
 - Having a payee/alternate sign a food instrument without the “actual price” entered (4 pts)
 - Inappropriately changing “Actual Amount of Sale” box on WIC food instruments (5 pts)
 - Giving change on redemption of a food instrument (5 pts)

- Charging sales tax on WIC purchased foods (2 pts)
 - Accepting or redeeming altered food instruments (8 pts)
5. General:
- Abusive or discriminatory treatment of WIC participants or WIC staff (4 pts)
 - Breach of confidentiality (i.e. contacting the WIC participant directly, requiring signature on separate document) (4 pts)
 - Failure to provide updated WIC Foods Price Lists when requested by the PROGRAM (1st request = 5 pts, 2nd request = 7 pts, 3rd request = 9 pts)
 - Accepting WIC food instruments prior to receiving a signed Retailer agreement or other written notification from the State WIC Office that the application will be approved (4 pts). Points will be assessed and payment will not be made for these WIC checks.
 - Failure for store manager or WIC contact on current agreement to attend a training session per contract period as required by the program (10 pts)
 - Accepting WIC food instruments during a suspension period (11 pts)
 - Purchasing infant formula for resale from other than wholesaler, distributor or retailer on the approved list provided by program. (10 pts)
 - Providing incentive items to WIC participants without pre-approval from program. (10 pts)
 - Following authorization, increasing prices inconsistent with price increases by other authorized vendors in the service area (4 pts)
 - Failure to comply with other terms of the Vendor Agreement (4 pts)
- All points shall be accumulated and kept current for one contract period. The program reserves the right to take the retailer's history and all circumstances into consideration before applying sanctions or disqualification of a retailer.
 - A retailer who is disqualified from participation in the program may request an administrative appeal hearing within 15 days from the date of notice of the adverse action. The effective date of disqualification is 15 days from notification date, regardless of appeal request.
 - A retailer who commits fraud or abuse of the program is liable to prosecution under applicable Federal, State or local laws. Section 104(b) of Public Law 105-226 Child Nutrition Reauthorization Act of 1998, amended 12(g) of the National School Lunch Act, to state those who willfully misapplied, stole or fraudulently obtained WIC funds shall be subject to a fine or not more than \$25,000 or imprisonment for not more than five (5) years or both, if the value of the funds is \$100 or more. If the value is less than \$100, then the penalties are a fine of not more than \$1,000 or imprisonment for not more than one (1) year of both.
 - A retailer who has accumulated up to 20 sanction points may have their sanction points reduced in half by requesting and attending a training session within three (3) months. This reduction may be applied only once every six (6) months.
 - The WIC program will notify retailer in writing when an investigation reveals an initial violation for which a pattern of violations must be established in order to impose a sanction, and such notice will be provided before documenting another such violation. Notice, however, is not required if program determines, at its discretion, that such notice could compromise an investigation.

APPEALS

All retailers participating in the Special Supplemental Nutrition Program for Women, Infants, Children (WIC) have the right to an administrative appeal when adversely affected by the State Agency's action.

Full administrative reviews will be conducted for food Retailers who appeal the following adverse actions:

- Denial of authorization based on retailer selection criteria for competitive price or for minimum variety and quantity of authorized supplemental foods and/or on a determination that the vendor is attempting to circumvent a sanction.
- Termination of an agreement for cause.
- Disqualification.
- Imposition of a fine or a civil money penalty in lieu of disqualification.

Abbreviated administrative reviews will be conducted for food Retailers who appeal the following adverse actions: Denial of authorization based on the retailer selection criteria for business integrity or a current Food Stamp disqualification or civil money penalty for hardship.

- Denial of authorization based on a State agency-established retailer selection criterion if the basis of the denial is a WIC retailer sanction or a Food-Stamp Program withdrawal of authorization of disqualification.

- Denial of authorization based on the State agency's retailer limiting criteria.
- Denial of authorization because a retailer submitted an application outside the timeframes during which applications are being accepted and processed as established by the State agency.
- Denial of authorization because retailer food sales are expected to meet the 50% criterion, therefore they would be considered a WIC Only store.
- Termination of an agreement because of a change in ownership or location or cessation of operations.
- Disqualification based on a trafficking conviction.
- Disqualification or a civil money penalty imposed in lieu of disqualification based on a mandatory sanction imposed by another WIC state agency.

Actions not subject to administrative review:

- The validity or appropriateness of the State agency's retailer limiting or selection criteria.
- The validity or appropriateness of the State agency's participant access criteria and the State agency's participant access determinations.
- The State agency's determination whether a retailer had an effective policy and program in effect to prevent trafficking and that the ownership of the retailer was not aware of, did not approve of, and was not involved in the conduct of the violation.
- Denial of authorization if the State agency's retailer authorization is subject to the procurement procedures applicable to the State agency.
- The expiration of a retailer agreement.
- Disputes regarding food instrument payments and retailer claims other than the opportunity to justify or correct a retailer overcharge or other error.
- Disqualification of retailer as a result of disqualification from the Food Stamp Program.

The right of appeal shall be granted when the store's application to participate is denied or, during the course of the agreement, when the retailer is disqualified or any other adverse action which affects participation is taken. Expiration of the agreement with a food retailer shall not be subject to appeal.

A retailer's request for an administrative hearing must be submitted in writing within fifteen (15) days from notice of the adverse action to the South Dakota Department of Health, WIC Program, 615 East 4th Street; Pierre, South Dakota 57501-1700. The request must identify the individual representing the retailer and the decision to be appealed. Once a hearing request is received by the State, the individual will be forwarded a copy of the South Dakota WIC Administrative Appeal Procedure. The procedure outlines what is involved in the hearing process.

Within three (3) weeks from the date of receipt of request, a hearing will be held. At least ten (10) days advance written notice will be given to the retailer, specifying the time and place of the hearing.

Appealing an action does not relieve a retailer from the responsibility of continued compliance with the terms of the written agreement with the State WIC Program.

NEW IN 2007

- **Special Formula**

We initiated agreements with pharmacies around the state to provide formulas that you the Retailer are unable to order for WIC participants. Pharmacies that are a part of your store are able to order these formulas without signing a separate agreement. If your store has a pharmacy please work with them on the procedures for accepting WIC.

- **WIC Checks**

The WIC Program has new check stock. The color is pink and blue instead of gray and the layout on the check has changed.

- **Banking Process**

Effective April 1st the banking process for overcharges changed. WIC's bank is conducting a pre-edit process on all WIC checks cashed in South Dakota. Please refer to page 3 under WIC checks and banking processing.

- **Price List Updates**

Because each retailer is placed in a peer group and prices are averaged according to peer group prices it is important to send us your price changes throughout the year.

- **Malt-O-Meal Cereals**

Malt-O-Meal has announced that they came out with WIC friendly sizes 12, 18 and 36 oz so WIC participants can effectively meet the full 36 oz amount allotted. Please check with your distributor regarding this.

- **WIC Website**

A new website has been developed to assist Retailers in accessing the following information:

- WIC Contacts
- Cashier Training
- Food Shopping Guide
- Retailer Application Packet
- Retailer Notes
- Blank Price Lists and Price List Update Forms

There is a lot of good information that Retailers can utilize at anytime. The website is

<http://doh.sd.gov/WIC/Retailers.aspx>

Thank you for your continued support in making the WIC Program a success!!
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WIC Retail Management Staff

Dawn Boyle, MIS/Retailer Specialist
Telephone 773-4792
FAX 1-866-579-8246
Dawn.Boyle@state.sd.us

Renee Osterkamp, Retail Coordinator
Telephone 773-4782
FAX 1-866-579-8246
Renee.Osterkamp@state.sd.us